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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE

Chairman

BOB STUMP

Commissioner

BOB BURNS

Commissioner

TOM FORESE

Commissioner

ANDY TOBIN

Commissioner

Arizona Corporation Commission

DOCKETED

MAY 13 2016

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF COX ARIZONA TELCOM, L.L.C. DBA
COX COMMUNICATIONS FOR
APPROVAL OF REVISIONS TO THE COX
LOCAL EXCHANGE AND TOLL SERVICE
TARIFF TO INCREASE BUSINESS LINE
RESTORAL CHARGE MAX RATE.

DOCKET NO. T-03471A-16-0064

DECISION NO. **75559**ORDER

Open Meeting
May 3 and 4, 2016
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Cox Arizona Telcom, L.L.C. ("Cox" or "Company") is certificated to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On February 24, 2016, Cox filed revisions to its Local Exchange Service Tariff to increase a maximum non-recurring line restoral charge, per line, for business and home office customers.

3. While Arizona Corporation Commission ("Commission") approval of the proposed tariff revision would authorize Cox to increase its customers' rates, Cox does not propose to increase the non-recurring rate that it currently charges its customers at this time.

4. In Decision No. 60285, dated July 2, 1997, the Commission concluded that the local exchange company and intraLATA/interLATA services which Cox provides are competitive pursuant to Arizona Administrative Code ("A.A.C.") R14-2-1108 of the Commission's Competitive

1 Telecommunications Services Rules. The pricing and rate change provisions of A.A.C. R14-2-1109
2 and A.A.C. R14-2-1110 apply to changes in either the price levels or maximum rates for services
3 provided by Cox. A.A.C. R14-2-1109 allows Cox to price a competitive telecommunications service at
4 any level at or below the maximum rate stated in the Company's tariff on file with the Commission,
5 provided that the price for the service is not less than the Company's total service long-run
6 incremental (marginal) cost of providing the service. Pursuant to A.A.C. R14-2-1110, Cox is required
7 to submit the following information in order to increase the maximum rates for a competitive
8 telecommunications service:

- 9
- 10 A. A statement setting forth the reasons for which a rate increase is required;
 - 11 B. A schedule of current rates and proposed rates and the additional revenues to be
12 derived from the proposed rates; and
 - 13 C. An affidavit verifying that appropriate notice of the proposed rate increase has been
14 provided to customers of the service.

15 5. In its February 24, 2016 filing, Cox proposes to increase the maximum non-recurring
16 line restoral charge, per line, for business and home office customers. The present maximum rate for
17 this service is \$25.00. The proposed maximum rate is \$80.00. Cox does not propose to increase the
18 non-recurring rate that it currently charges its customers at this time.

18 **Background**

19 6. On March 2, 2016, Staff issued its First Set of Data Requests. On March 8, 2016, a
20 Confidentiality Agreement was signed between Staff and Cox. On March 8, 2016, Cox provided
21 responses to Staff's First Set of Data Requests.

22 7. Cox states that approval of the proposed maximum non-recurring rate increase is
23 being sought for the following reason:

24

25 Cox's non-recurring services are priced to reflect the competitive market in which Cox
26 operates and Cox is seeking the ability to price its services based on competitive
27 reactions which it is unable to do at its current maximum rate. Cox is also seeking to
28 have its Cox Business and Home Office maximum rate for the Line Restoral Charge be
consistent with its residential Reconnection and Reactivation charge maximum rate
which the Commission has already approved.

Staff's Analysis

8. On March 8, 2016, Cox provided Staff with a copy of the Customer Notice that informs the impacted customers of the proposed rate change. The Customer Notice is in the form of a bill message, one paragraph in length, informing customers of the application filed with the Commission and directing customers with questions to contact Cox at 1-877-982-5907. In addition, those customers with further questions are directed to contact the Consumer Services Section of the Commission at 602-542-4251 or 800-222-7000 or by visiting the Commission's website. Cox also provided Staff with an Affidavit of Mailing indicating that the bill message is being sent out to all of Cox Arizona Telcom, LLC's affected business and home office customers through the billing period of March 3 – April 2, 2016. If approved by the Commission, Cox indicated in its response to Staff that the maximum rate will become effective on May 4, 2016, sixty (60) days after first notifying customers of the proposed maximum rate increase.

9. Since this filing increases the maximum rate for a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, A.A.C. R14-2-1110 applies to Cox's proposal. Cox provided the information required by A.A.C. R14-2-1110.

Staff's Conclusions

10. The proposed rate increase contained in this filing is for a service that has been classified as competitive by the Commission and is now subject to the Commission's Competitive Telecommunications Services Rules. Under those Rules, rates for competitive services are not set according to rate of return regulation standards. Staff requested information from Cox to allow it to determine the potential effects of approval of the filing. Cox provided information indicating that if it raised the rate to the new maximum rate requested in this docket, the expected effect of this filing would be an increase in Cox's annualized Arizona revenues of less than 1 percent. Since Cox will not be raising the actual or current rate corresponding to the service in this application, the initial market impact will be zero.

11. Staff obtained information regarding Cox's fair value rate base. Due to the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the

1 company's operations. Therefore, while Staff considered the fair value rate base information of Cox,
2 it did not accord that information substantial weight in its analysis of this matter.

3 12. The proposed maximum non-recurring rate is comparable to the rate for a similar
4 service provided by other telecommunications companies operating in the State of Arizona. Staff
5 believes it is just and reasonable. In addition, the rate ultimately charged by Cox will be heavily
6 influenced by the market.

7 **Staff's Recommendation**

8 13. Staff recommends approval of this application.

9 CONCLUSIONS OF LAW

10 1. Cox Arizona Telcom, L.L.C. is a public service corporation within the meaning of
11 Article XV of the Arizona Constitution.

12 2. The Commission has jurisdiction over Cox Arizona Telcom, L.L.C and the subject
13 matter in this filing.

14 3. The Commission, having reviewed the filing and Staff's Memorandum dated April 8,
15 2016, concludes that the proposed tariff revisions as discussed herein are reasonable, fair and equitable
16 and therefore in the public interest.

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ORDER

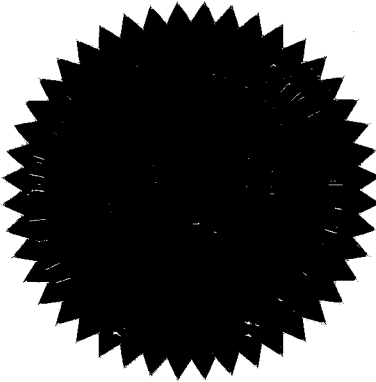
IT IS THEREFORE ORDERED that proposed tariff revisions be and hereby are approved.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION
CHAIRMAN
COMMISSIONER
COMMISSIONER

COMM. TOBIN
RECUSED

COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 13th day of May, 2016.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TMB:PJG:red\RWG

1 SERVICE LIST FOR: Cox Arizona Telcom, L.L.C.
2 DOCKET NO. T-03471A-16-0064

3 Mr. Mark DiNunzio
4 Director, AZ Regulatory Affairs
5 Cox Arizona Telcom, L.L.C.
6 1550 West Deer Valley Road
7 Phoenix, Arizona 85027

8 Mr. Thomas M. Broderick
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Mr. Dwight Nodes
19 Chief Administrative Law Judge, Hearing Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007
23
24
25
26
27
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